

Chapter 33 Department of Social and Family Affairs

Review of Jobseeker Payments

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33.1 The national live register increased rapidly in 2008. At the end of 2007, the total number registered was 170,376. The corresponding figure at the end of 2008 was 291,363, an increase of 71%.

33.2 Jobseekers' Allowance and Jobseekers' Benefit are administered through a national network of 62 local offices and 62 branch offices. The local offices are operated directly by the Department using its own staff. Branch office operations are managed on behalf of the Department by contractors who provide their own premises and employ staff to handle cases. Branch offices are required to follow the Department's procedures and use the Department's systems, and are overseen by nearby local offices.

33.3 Part of the audit of spending on social welfare in 2008 involved reviews of the administration and management of Jobseekers' Allowance and Jobseekers' Benefit claims in the Department's local offices in Tullamore (which also oversees a branch office in Portarlinton) and in Longford (which oversees branch offices in Boyle and Roscommon).

Audit Focus

Review of the administration of Jobseeker cases in local offices is a normal part of the audits of social welfare spending, and aims generally to confirm, on a sample basis, that payments made are in line with claimants' entitlements.

In addition, the 2008 review sought to establish to what extent the ongoing significant increases in the number of persons registering as unemployed was impacting on the service provided to clients and on the level of control being exercised over payments.

33.4 The audit looked at the controls in place in local and branch offices in relation to how claims are processed and reviewed. It included a test examination of a sample of 50 individual claimant files for Jobseekers' Allowance or Jobseekers' Benefit, interviews with the local office and area managers, and review of specific data sought by the audit team. It also included an audit review of procedures at the branch office in Portarlinton.

Audit at Tullamore and Portarlinton

33.5 The review work done in Tullamore and Portarlinton indicated that control activity was reduced and processing delays had occurred.

33.6 The live register in Tullamore increased from 1,491 in December 2007 to 2,553 in December 2008. This was in line with the increase nationally. In Portarlinton, the number on the register increased from 1,069 to 2,021 in the same period, an increase of 89%.

33.7 In December 2008, there was a substantial backlog of Jobseekers' Allowance cases awaiting decision. In Tullamore, 281 cases (21% of claim load) were awaiting decisions. In Portarlinton, 178 cases were awaiting decision (19% of claim load). Local office staff estimated that decisions in Jobseekers' Allowance cases were taking up to two months. Claimants requiring immediate assistance are referred to the local Community Welfare Service. The backlog of pending Jobseekers' Benefit cases was significantly lower at 6% to 7% of claim load.

33.8 The Tullamore local office was upgraded from branch office status in November 2005. The office was relocated on a temporary basis to premises on the outskirts of the town. Because the public office space in the temporary premises was so small and restricted, monthly signing-on could not be carried out and a decision was taken to suspend signing-on for most claimants pending the sourcing of new accommodation. The office moved to permanent premises in May 2008. Routine signing-on recommenced for Jobseekers' Benefit in July 2008, and for Jobseekers' Allowance in September 2008.

33.9 The key audit findings were

- When signing-on for Jobseekers' Benefit recommenced, 49 clients for whom routine payments were being made failed to sign-on. Payment in each case was suspended. At the time, the Department did not further enquire into the circumstances of any of these cases or record overpayments for them. However, it treated the cessation of those payments as generating savings of €300,000.
- Since July 2008, a number of payment control measures have been suspended. Routine review of means has been suspended, unless a specific reason for a review has been highlighted. Reviews to establish if a claimant is genuinely seeking work have also been suspended, and debt management in overpayment cases has been reduced. The scaling back of control activity was approved by the Regional Director's Office to allow the local office to deal with a large backlog of unprocessed claims.
- Payments in most of the individual cases examined were found to be correct, based on the information recorded in the Department's systems. Payments to claimants in two cases were in excess of entitlements. In another case, the file showed that an overpayment had previously been identified by local office staff and repaid by the claimant, but this was not recorded on the Department's overpayment system.

Audit at Longford and its Branch Offices

33.10 The increase in the live register in 2008 in Longford and its two branch office areas was just slightly below the national average, at 67%. A total of 1,222 cases were awaiting decision at the end of 2008. This represented almost one-third of the live register figures for Longford. At the end of 2007, around 25% of cases were awaiting decision.

33.11 The key audit findings were

- The extent of control work undertaken by local and branch office staff has reduced. Means reviews in Jobseekers' Allowance cases were suspended gradually from around the middle of 2008 and fully from December 2008, except in cases where local office staff and the inspector agreed that a review was warranted.
- Checks of whether or not claimants were genuinely seeking work were reduced by three quarters in mid-2008, and ceased altogether in December 2008.
- The only control work now being done is in relation to cases where recovery of overpayment is possible without too much correspondence or follow-up work, and serious fraud cases.
- Debt management work is now only carried out on cases where the Department is in receipt of regular refunds. In March 2009, there were 403 closed Longford cases with overpayments totalling €614,942. The amounts recovered in those cases totalled €4,196 (15%).

Signing-On by Claimants

33.12 Since the audit reviews were completed, the Department has informed me that signing-on was suspended during 2008 in five other local offices, and signing-on requirements were modified in a further three offices. The circumstances of these cases were as follows

- In two cases (Loughrea and Balbriggan), signing-on was suspended because of inadequate accommodation following decisions to upgrade branch offices to local offices. In another office (Newbridge), the available accommodation was not sufficient to cope with the increased number of cases being handled, and signing-on was suspended between November 2008 and May 2009, when additional accommodation was secured.
- In two offices (Waterford and Bray), signing-on was suspended temporarily during summer months to enable office staff to focus on claim processing.
- In three offices (Mullingar, Cavan and Swords), signing-on requirements were modified, with the frequency of signing-on being reduced for some categories of claimant.

Audit Concern

The reduced level of control activity, including reductions in the frequency of signing-on, may increase the risk of occurrence of Jobseeker payments that are in excess of entitlements. Also, there is evidence of claims that were terminated by the Department without overpayments being raised, and of a reduction in the efforts to recover overpayments. This may reduce the deterrent effect of control activity.

Views of the Accounting Officer

33.13 The Accounting Officer stated that, in the normal course of events because of claimants entering and leaving the live register, it would be expected that local offices would have in the region of 10% of their claim load pending at any particular time. In the week ending 6 June 2009, a total of 74,553 (16 %) claims were pending award. She made the following observations on the impact of the increased claim load on control activity and on debt management.

Reduction in Control Activity

33.14 The Accounting Officer stated that the capacity of staff in local offices and of social welfare inspectors generally to undertake control activity was curtailed because of the increased level of claims. To assist local offices in coping with the unprecedented increase in the live register, it was decided to allocate an additional 158 staff to local offices. The bulk of these staff were assigned over the period April 2008 to February 2009.

33.15 Because of the increased level of claims, the normal range of control activity was moderated to varying degrees across the local offices network and this would have involved a reduction in the number of customers selected for a 'genuinely seeking work' review. In general, the selection of these cases was now focused on high-risk categories of claimants (e.g. late signers and claimants with a previous fraud history). The reduction in the number of reviews was being supplemented by an increased number of referrals under the Employment Action Plan⁹⁶.

⁹⁶ Under the Government's Employment Action Plan, people who are approaching three months on the live register are identified by the Department and referred to FÁS for interview with a view to job placement or offer of training.

33.16 The Department had also reduced the number of means reviews it could undertake, having regard to the claim volumes being received and resources available to it. However, it was still undertaking reviews in high risk cases or where Departmental officers had earmarked cases for ongoing means reviews.

33.17 The Accounting Officer was unable to say what effect, if any, the reduction in control activity had on the achievement of control savings and the detection of overpayments. While the level of savings on Jobseeker payments to end May 2009 was only 35% of target, a very significant proportion of savings in the past were derived from interviewing customers about their efforts to find work whereas more recent experience indicated that this form of activity was much less productive due to the restricted employment opportunities now available.

33.18 The Department wished to follow best practice in relation to controlling fraud and scheme abuse at all times. However, given the pressures arising from the increasing live register, the current control approach in relation to Jobseeker payments must be appropriately balanced with reference to all the competing elements and new demands placed on the Department, and must take into account the economic and social circumstances that now prevailed given the downturn in the economy and labour market conditions.

33.19 In the meantime, the Department was required to strike a balance between claim processing and control activities, including increased claim maintenance work due to the unprecedented growth in both Jobseeker scheme numbers. While certain control activities had been moderated, this had to be seen in the light of the Department concentrating its limited resources and control activity on higher risk cases, and any moderation in certain control activities had been based on the risk factors associated with these activities. As in the case of all aspects of control activity, the Department's approach was kept under ongoing review.

Debt Management

33.20 The Accounting Officer stated that, in the normal course of events, savings were not assessed where claimants of Jobseeker payments failed to sign-on, unless there was some associated control activity. In the case of the Tullamore local office, the reintroduction of signing-on in July 2008 was associated with the issue of a mailshot which was one type of communication with customers used for control activity. Payment was suspended where people failed to respond, and was terminated where no further contact was made with the Department. In these circumstances, savings were claimed.

33.21 At this stage, 25 of the 49 cases involving Jobseeker Benefit claimants that did not sign-on as requested in Tullamore in July 2008 had been fully investigated and one overpayment had been raised. The remaining 24 cases were being currently examined and overpayments would be raised where a deciding officer made a decision on entitlement with effect from a retrospective date in accordance with legislation and guidelines. In the absence of such a decision, it was not possible to assess an overpayment and there was no legal basis for doing so.

33.22 The Accounting Officer stated that debt management and the recovery of overpayments continued to be an important control element throughout the local office network for Jobseeker payments. Overpayments continued to be assessed and recovered in line with legislation and guidelines.

33.23 In addition to the recovery of overpayments, a key element of the Department's strategy to deter fraud was the prosecution of cases involving serious fraud. The Department's review activity and the rigorous preventative measures in place at claim application stage were also important in the deterrence of fraud.

Conclusions

The impact of the economic downturn has resulted in a considerable increase in the jobseeker claim load. The Department has reduced its control activity in a number of ways and placed greater focus on processing claims in order to deliver on the primary service it provides to unemployed workers.

It will be important as the claim load stabilises to reassess key control risks in the current environment taking account of factors such as local economic conditions so as to ensure that a proportionate but effective control response is incorporated into the administration of these claims.

